BRIDGESTONE

NEWS RELEASE

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# Bridgestone Corporation Announces Business and Financial Results for Fiscal 2008

Tokyo (February 19, 2009) - Bridgestone Corporation (the "Company") today announced its consolidated business and financial results for the fiscal year ended December 31, 2008. These results are for the Company and its consolidated subsidiaries, collectively referred to below as the "Companies." The Company had 437 consolidated subsidiaries and 170 equity method affiliates as of December 31, 2008, compared to 449 consolidated subsidiaries and 182 equity method affiliates as of December 31, 2007.

Here is a summary of the Companies' results for fiscal 2008 and management's projections for the Companies' sales and earnings performance for fiscal 2009. Solely for the convenience of readers, the dollar figures have been calculated at US$1 = ¥91.03, the exchange rate on December 31, the end of the 2008 fiscal year.

## Operating Results

(1) Analysis of Operating Results

[Operating results for fiscal 2008]

1) Sales and earnings

| | Fiscal 2008 | Fiscal 2007 | Increase (decrease) | |
|---|---|---|---|---|
| | Yen in billions | Yen in billions | Yen in billions | % |
| Net sales | 3,234.4 | 3,390.2 | (155.8) | (5) |
| Operating income | 131.5 | 249.9 | (118.4) | (47) |
| Ordinary income | 74.4 | 219.0 | (144.5) | (66) |
| Net income | 10.4 | 131.6 | (121.2) | (92) |

In fiscal 2008, the Companies' operating environment was challenging. Although the prices of raw materials and crude oil declined in the second half of the fiscal year, prices were generally high for the full fiscal year. In this setting, business conditions in Japan slowed, with consumer spending weakening and growth in exports sluggish. Overseas, the U.S. economy showed signs of a recession, such as declines in housing starts and consumer spending. In addition, business conditions worsened in Europe, with declines in consumer spending and exports. In Asia, business conditions began to decline in China and other markets.

The fourth quarter, in particular, was marked by the rapid progress of a global economic recession, which began with the financial problems in the United States. This recession had a major influence on the Companies' operations and results.

In this business environment, the Companies worked to realize its goal of becoming the world's undisputed No. 1 tire and rubber company both in name and reality. Stepping up its efforts on a global basis, the Companies focused on its highly competitive products, taking steps to expand sales, increase supply capacity in strategic products lines, enhance manufacturing productivity, strengthen its technological edge, and make effective use of management resources. Furthermore, due to the global economic recession, the Companies faced not only declines in unit demand but also unprecedentedly rapid changes in the structure of demand and competition. In light of these changes in the operating environment, the entire Companies maintained group-wide efforts to create and expand a business model that promotes increased sales of strategic products and that extends beyond the mere sale of products, to more rapidly implement strategic issues—development of eco-friendly products and businesses - and at the same time to streamline investment and to improve costs while maintaining and enhancing the quality of the final product by weeding out initiatives and reevaluating priorities.

As a result, net sales totaled ¥3,234.4 billion [$35.5 billion], a 5% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen and a decline in unit sales. With a significant impact from such factors as sharply higher prices for raw materials, operating income totaled ¥131.5 billion [$1,445 million], a 47% decrease, ordinary income was ¥74.4 billion [$817 million], a 66% decrease, and net income came to ¥10.4 billion [$114 million], a 92% decrease.

2) Segment Information

*Note:*

*The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

(a) By business segment

| | | Fiscal 2008 | Fiscal 2007 | Increase (decrease) | |
|---|---|---|---|---|---|
| | | Yen in billions | Yen in billions | Yen in billions | % |
| Tires | Sales | 2,629.1 | 2,755.9 | (126.8) | (5) |
| | Operating income | 92.7 | 195.0 | (102.2) | (52) |
| Diversified Products | Sales | 625.5 | 656.3 | (30.8) | (5) |
| | Operating income | 38.7 | 54.7 | (15.9) | (29) |
| Consolidated Results | Sales | 3,234.4 | 3,390.2 | (155.8) | (5) |
| | Operating income | 131.5 | 249.9 | (118.4) | (47) |

In the tire segment, the Companies worked to maximize its sales momentum by introducing appealing new products worldwide, while at the same time improving and expanding strategic production sites around the world in support of respective product domains, particularly those that have been identified as strategic and important to the Companies' future growth. However, the fourth quarter, in particular, was marked by a decline in global automotive production and by sluggish demand in the replacement market, which had a major effect on sales. In Japan, unit sales of tires were down in both the original equipment and replacement sectors from the previous year. In the Americas, the North American tire business saw a decline in unit sales of tires for passenger cars, light trucks, trucks and buses in both the original equipment and replacement sectors, but there was a large increase from fiscal 2007 in replacement sector sales of UHP (ultra-high-performance) tires and other strategic products. In Europe, unit sales of passenger car and light truck tires were down year over year, due in part to the significant effect of a decline in sales of original equipment tires, but there was a year-over-year increase in unit sales of strategic products, led by runflat tires* and UHP tires, in the replacement sector. In truck and bus tires, unit sales in the original equipment sector increased from the previous year, but unit sales in the replacement sector decreased from the previous year due to a significant impact from weak demand. In the specialty tire business, unit sales of large and ultra-large off-the-road radial tires rose significantly from the previous year as a result of continued strong demand.

As a result, net sales in the tire segment totaled ¥2,629.1 billion [$28.9 billion], a 5% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen. With a significant impact from such factors as sharply higher prices for raw materials, operating income came to ¥92.7 billion [$1,018 million], a 52% decrease.

In the diversified products segment, net sales totaled ¥625.5 billion [$6.9 billion], a 5% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen and with a significant impact from such factors as sharply higher prices for raw materials, operating income came to ¥38.7 billion [$425 million], a 29% decrease.

**Runflat tires continue to function safely at a specified speed for a specified mileage even after a loss of air pressure.*

(b) By geographical segment

| | | Fiscal 2008 | Fiscal 2007 | Increase (decrease) | |
|---|---|---|---|---|---|
| | | Yen in billions | Yen in billions | Yen in billions | % |
| Japan | Sales | 1,321.9 | 1,371.7 | (49.7) | (4) |
| | Operating income | 68.9 | 147.5 | (78.5) | (53) |
| The Americas | Sales | 1,417.2 | 1,510.7 | (93.4) | (6) |
| | Operating income | 21.6 | 51.5 | (29.8) | (58) |
| Europe | Sales | 474.8 | 516.0 | (41.1) | (8) |
| | Operating income (loss) | (4.8) | 17.2 | (22.0) | - |
| Other | Sales | 599.3 | 548.6 | 50.6 | 9 |
| | Operating income | 35.4 | 37.6 | (2.1) | (6) |
| Consolidated Results | Sales | 3,234.4 | 3,390.2 | (155.8) | (5) |
| | Operating income | 131.5 | 249.9 | (118.4) | (47) |

Looking at results by geographical segment, the fourth quarter, in particular, was marked by the influence of the global economic recession, which had a major influence on each market.

In Japan, unit sales in the tire segment were lower than in fiscal 2007. In the diversified products segment, sales of such products as precision electronic components increased, while sales of such products as the related products to civil engineering and construction materials & equipments. As a result, net sales totaled ¥1,321.9 billion [$14.5 billion], a 4% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen. Additionally, due to a significant impact from such factors as sharply higher prices for raw materials, operating income came to ¥68.9 billion [$757 million], a 53% decrease.

In the Americas, net sales totaled ¥1,417.2 billion [$15.6 billion], a 6% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen. With a significant impact from such factors as sharply higher prices for raw materials, operating income came to ¥21.6 billion [$237 million], a 58% decrease.

In Europe, net sales totaled ¥474.8 billion [$5.2 billion], an 8% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen in addition to decrease of unit sales of tires. With a significant impact from such factors as sharply higher prices for raw materials and an increase in selling expenses, operating loss came to ¥4.8 billion [$53 million].

In other regions, strong sales were recorded in China and the rest of Asia. As a result, net sales totaled ¥599.3 billion [$6.6 billion], a 9% increase from fiscal 2007. With a significant impact from such factors as sharply higher prices for raw materials, operating income came to ¥35.4 billion [$389 million], a 6% decrease.

[Projections for fiscal 2009]

For fiscal 2009, the trend of the Companies’ operating environment is extremely difficult to forecast due to the rapid deterioration in global business conditions. In this settting, each country is implementing economic countermeasures and financial policies, but some time will likely be required until these measures take effect and economies turn toward recovery. This situation, together with the rapid changes in the worldwide structure of demand and competition that the Companies are now facing, will likely have a significant effect on the Companies’ sales.

In Japan, the Companies expect a year-over-year decline in unit sales of tires. In diversified products, sales of such products as the related products to civil engineering and construction materials & equipments are expected to decline year over year.

In the Americas, unit sales of tires in North America are expected to decline year over year.

In Europe, unit sales of tires are expected to decline year over year.

The Companies’ projections of overall results are as follows:

| | | | Fiscal 2009 Projections | Fiscal 2008 Results | Increase (decrease) | |
|---|---|---|---|---|---|---|
| | | | Yen in billions | Yen in billions | Yen in billions | % |
| First half year | Net sales | | 1,190.0 | 1,641.1 | (451.1) | (27) |
| | Operating income (loss) | | (12.0) | 83.6 | (95.6) | - |
| | Ordinary Income (loss) | | (21.0) | 68.6 | (89.6) | - |
| | Net income (loss) | | (21.0) | 37.2 | (58.2) | - |
| Full year | Net sales | | 2,530.0 | 3,234.4 | (704.4) | (22) |
| | Operating income | | 45.0 | 131.5 | (86.5) | (66) |
| | Ordinary income | | 20.0 | 74.4 | (54.4) | (73) |
| | Net income | | 3.0 | 10.4 | (7.4) | (71) |
| | | | Yen | Yen | | |
| Exchange rate-Actual | First half year | yen/dollar | 85 | 106 | - | (20) |
| | | yen/euro | 115 | 162 | | (29) |
| | Full year | yen/dollar | 85 | 104 | | (18) |
| | | yen/euro | 115 | 153 | | (25) |

**Forward-Looking Statements**

The preceding descriptions of projections and plans are “forward-looking statements,” which involve known and unknown risks and uncertainties. Those variables could cause the Companies’ actual performance and results to differ substantially from management’s projections and plans.

(2) Analysis of Financial Position

1) Cash flow

| | | Fiscal 2008 | Fiscal 2007 | Increase (decrease) |
|---|---|---|---|---|
| | | Yen in billions | Yen in billions | Yen in billions |
| Net cash provided by operating activities | | 109.7 | 333.5 | (223.7) |
| Net cash used in investing activities | | (265.3) | (377.5) | 112.2 |
| Net cash provided by financing activities | | 76.3 | 94.0 | (17.7) |
| Effect of exchange rate changes on cash and cash equivalents | | (57.3) | 2.1 | (59.4) |
| Net increase (decrease) in cash and cash equivalents | | (136.4) | 52.2 | (188.7) |
| Cash and cash equivalents | At beginning of year | 250.5 | 198.2 | 52.2 |
| | At end of year | 114.0 | 250.5 | (136.4) |

The Companies' cash and cash equivalents decreased ¥136.4 billion [$1,498 million] during 2008, to ¥114.0 billion [$1,252 million], compared with an increase of ¥52.2 billion [$573 million] during the prior year.

(Cash flow by operating activities)

Net cash provided by operating activities decreased ¥223.7 billion [$2,457 million] compared with the prior year, to ¥109.7 billion [$1,205 million]. The principal contributors in that cash provided included income before income taxes and minority interests of ¥53.4 billion [$587 million], compared with ¥215.6 billion [$2,368 million] during the prior year; depreciation and amortization of ¥187.4 billion [$2,059 million], compared with ¥173.5 billion [$1,906 million] during the prior year; a decrease in notes and accounts receivable of ¥31.5 billion [$346 million], compared with an increase of ¥11.7 billion [$129 million] in the prior year. Those contributors offset an increase in inventories of ¥144.6 billion [$1,588 million], compared with a decrease of ¥8.3 billion [$91 million] in the prior year and income taxes paid of ¥57.6 billion [$633 million], compared with ¥57.1 billion [$627 million] in the prior year.

(Cash flow by investing activities)

Net cash used in investing activities decreased ¥112.2 billion [$1,233 million] compared with the prior year, to ¥265.3 billion [$2,914 million]. Expenditures included payments of ¥268.3 billion [$2,947 million] for purchase of property, plant and equipment, compared with payments of ¥268.6 billion [$2,951 million] during the prior year. Expenditures in the prior year included payments of ¥109.5 billion [$1,203 million] for the acquisition of newly consolidated subsidiaries.

(Cash flow by financing activities)

Net cash provided by financing activities decreased ¥17.7 billion [$194 million] compared with the prior year, to ¥76.3 billion [$838 million]. The major contributors included a net increase of ¥126.4 billion [$1,389 million] in proceeds from short-term borrowings and commercial paper, compared with a net decrease of ¥24.7 billion [$271 million] in the prior year; proceeds from long-term borrowings of ¥56.1 billion [$616 million], compared with ¥171.6 billion [$1,885 million] in the prior year. These increases offset payments for long-term borrowings of ¥95.1 billion [$1,045 million], compared with ¥15.7 billion [$172 million] in the prior year; cash dividends paid of ¥20.3 billion [$223 million], compared with ¥19.4 billion [$213 million] in the prior year.

2) Trends in cash flow indicators

| | Fiscal 2006 | Fiscal 2007 | Fiscal 2008 |
|---|---|---|---|
| Ratio of total equity to total assets (%) | 38.6 | 40.8 | 35.8 |
| Total equity ratio on market value basis (%) | 67.8 | 46.2 | 37.6 |
| Interest-bearing debt/cash flow ratio (years) | 4.7 | 2.5 | 7.1 |
| Interest coverage ratio | 7.1 | 10.1 | 3.2 |

*Note:*

*Ratio of total equity to total assets: Total equity/total assets*

*Total equity ratio on market value basis: Market capitalization/total assets*

*Interest-bearing debt/cash flow ratio: Interest-bearing debt/net cash provided by operating activities*

*Interest coverage ratio: Net cash provided by operating activities/interest payments*

* *All indices are calculated using consolidated financial figures.*

* *Market capitalization is calculated as closing share price at the end of period × number of shares outstanding at the end of period (excluding treasury stock).*

* *For net cash provided by operating activities, the figure for net cash provided by operating activities in the consolidated statements of cash flows is used. For interest-bearing debt, the sum for all liabilities in the consolidated balance sheets for which interest is paid is used. For interest payments, the figure for interest paid in the consolidated statements of cash flows is used.*

(3) Basic policy for the appropriation of profits and dividends for the fiscal period under review and the current fiscal period

Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening its management base in preparation for future business developments while working to improve business results. The Company's basic aim is to continue paying stable dividends and meet the expectations of shareholders, in light of overall considerations of business results and financial position in the fiscal period under review and in the future.

The Company pays dividends twice a year, comprising year-end and interim cash dividends. Year-end cash dividends are subject to approval by a resolution of the annual shareholders' meeting, while interim cash dividends are subject to approval by a resolution of the Board of Directors.

Further, the Company strives to strengthen the long-term stability of its management base by using retained earnings to improve and expand production and sales systems and advance R&D activities in Japan and overseas.

For the fiscal period under review, the Company plans to pay a cash dividend of ¥24 per share, comprising a year-end cash dividend of ¥11 per share and an interim cash dividend of ¥13 per share.

For the current fiscal period, the Company plans to pay a cash dividend of ¥16 per share, comprising a year-end cash dividend of ¥8 per share and an interim cash dividend of ¥8 per share.

Bridgestone Corporation, headquartered in Tokyo, is the world's largest manufacturer of tires and other rubber products. Tires account for 80 percent of Bridgestone Group sales worldwide. The company also manufactures industrial rubber and chemical products, sporting goods, and other diversified products. It sells its tires and other products in more than 150 nations.

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